

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AGR-05 AGRE-00 COME-00 TRSE-00

OPIC-03 XMB-02 L-03 H-02 FEA-01 PA-01 PRS-01 INT-05

CIAE-00 DODE-00 PM-04 INR-07 NSAE-00 NSC-05 SP-02

SS-15 USIA-06 OES-06 DOTE-00 FAA-00 EB-07 CAB-02

OMB-01 /099 W

----- 050504

R 291524Z SEP 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 9845

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE KINSHASA 8228

E.O. 11652: N/A

TAGS: ECON, EFIN, EINV, CG

SUBJECT: MOBUTU TAKES LEAD IN PROMULGATING NEW LIBERALIZATION
MEASURES

REF: KINSHASA 7878

1. ALTHOUGH THE MEASURES ANNOUNCED BY THE STABILIZATION COMMITTEE
CONCERNING RETROCESSION PREVIOUSLY ZAIRIANIZED AND RADICALIZED
COMPANIES TO FORMER OWNERS APPEARED IN AGENCE ZAIRE PRESS
BULLETIN SEPT 18, NO MENTION WAS MADE OF THEM IN THE DAILY PRESS
UNTIL A WEEK LATER. THIS FOLLOWED A FRIDAY, SEPT 24TH MEETING
WITH GOVT AND PARTY LEADERS AS WELL AS HEADS OF OTHER MAJOR
ORGANIZATIONS DURING WHICH MOBUTU PUBLICLY ASSOCIATED HIMSELF
WITH THE COMMITTEE'S DECISION. HE ASSERTED MEASURES WERE
NECESSARY TO BRING COUNTRY OUT OF CURRENT ECONOMIC SITUATION.
IN ADDITION TO MINERALS AND ENERGY SECTOR REMAINING UNDER STATE
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CONTROL, AS MENTIONED IN ORIGINAL ANNOUNCEMENT, HE ADDED THAT

THE TIMBER INDUSTRY, RIVER, LAKE AND MARITIME TRANSPORT, AS WELL AS THE RAILWAY AND AIRLINE SYSTEMS WILL ALSO REMAIN IN THE PUBLIC SECTOR.

2. THIS WAS UNDOUBTEDLY AN ACT OF POLITICAL COURAGE. (HOWEVER, HE DID LEAVE TOWN FOR A TOUR OF SOUTHERN AFRICA IMMEDIATELY AFTERWARD.) MANY OF THE ZAIRIAN ELITE WILL BE HURT BY THESE MEASURES. UNDOUBTEDLY, A NUMBER OF THEM WHO HAD COME TO HARMONIOUS ARRANGEMENTS WITH THE FORMER OWNERS WILL NOW FIND THEMSELVES MINORITY STOCKHOLDERS IN THE NEW SET-UP AND THUS STILL WELL OFF. THAT CORPS OF PRE-ZAIRIANIZATION ZAIRIAN BUSINESSMEN WHO, PRESUMABLY, WILL NOW GET THEIR RADICALIZED FIRMS RETURNED IN TOTO STAND TO GAIN MOST BY THIS STEP. NEXT COMES THOSE EXPATRIATE FORMER OWNERS WHO CHOSE TO STICK OUT THE ZAIRIANIZATION PERIOD IN SOME MANAGEMENT CAPACITY AND THEREFORE HAVE A BASE UPON WHICH THEY CAN COMMENCE REBUILDING A VIABLE OPERATION. HOWEVER, ACCORDING TO MOST VIEWS SAMPLED, IT UNLIKELY THERE WILL BE AN INFLUX OF FORMER EUROPEAN PROPRIETORS WHO HAD LEFT THE COUNTRY. IN MANY OF THESE CASES THEIR FORMER COMPANIES ARE BEYOND SALVAGING WITHOUT SIZEABLE REINVESTMENT. MEANWHILE THEY WOULD LIKELY FORFEIT ANY COMPENSATION CLAIMS. THEREFORE, WELCOME AS THESE MEASURES MAY BE IN TERMS OF THEIR IMPLICATIONS FOR FUTURE DIRECTION OF THE ECONOMY, THERE LITTLE LIKELIHOOD OF IMMEDIATE PAYOFF IN TERMS OF MAJOR REINVESTMENT ACTIVITY.

3. THERE REMAINS THE QUESTION OF HOW THESE MEASURES WILL BE IMPLEMENTED. CERTAINLY THERE WERE ENOUGH QUALIFIERS AND EXCEPTIONS IN THE STABILIZATION COMMITTEE'S ANNOUNCEMENT TO GIVE GOZ OFFICIALS MUCH LEEWAY IN INTERPRETING THEM. YET THE SUCCESSFUL IMPLEMENTATION OF THIS PROGRAM WILL REQUIRE MUCH FIRM, AS WELL AS HONEST, DIRECTION FROM ABOVE -- SOMETHING ALL TOO OFTEN IN SHORT SUPPLY ON THE LOCAL SCENE. THEN TOO, THERE IS THE WELL-KNOWN GOZ PENCHANT FOR ESTABLISHING GUIDELINES BASED ON CASE-BY-CASE DECISIONS. THEREFORE, THE FULL IMPLICATION OF THESE MEASURES FOR THE ECONOMY WILL ONLY GRADUALLY UNFOLD.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC STABILITY, ECONOMIC CONDITIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 SEP 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINSHA08228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760368-0578
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976098/aaaaagqt.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 KINSHASA 7878
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <10 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOBUTU TAKES LEAD IN PROMULGATING NEW LIBERALIZATION MEASURES
TAGS: ECON, EFIN, EINV, CG, (MOBUTU SESE SEKO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006